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17 MAY 1971

MEMORANDUM [REDACTED]

SUBJECT : Status Report on [REDACTED], Libya

[REDACTED] has directed that Libyan developments be reviewed periodically. Consequently, outlined below is a review of the significant changes in the Libyan situation since the June 1970 Report [REDACTED] an examination of United States Government (USG) objectives within the framework of these new conditions, an assessment of current anti-regime activities, and recommendations.

I. SIGNIFICANT CHANGES IN THE LIBYAN SITUATION SINCE
JUNE 1970

A. The death of UAR President Gamal Abdel Nasser on September 28, 1970 was probably the most significant event affecting Libya during the period under review. Nasser's influence over Libyan Revolutionary Command Council (RCC) Chairman Qadhafi was considered a moderating force in post-coup Libya. Reportedly Nasser counseled the Libyans not to nationalize their oil industry, which consists predominantly

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of American companies, and not to press for a speedy development of the tripartite union between Libya, the UAR, and Sudan, while at the same time advising them to maintain the West as the primary supplier of Libyan military hardware. Although it is too early to assess fully the ramifications of Nasser's death upon Libyan/UAR relations, the increasingly intimate relations of these states exemplified by the "Tripoli Charter" appeared to be cooling by early 1971.

B. Relations between Libya and the more radical Arab states seemed at first to become closer and then to wane during the period under review. In the summer of 1970, Qadhafi proposed a plan to the capitals of the Arab states affected by the Middle East confrontation. The Qadhafi Plan, as it soon became labeled, called for a more direct and aggressive confrontation with Israel by the Arab nations and promised Libyan financial support for this action. In September 1970, Libya broke diplomatic relations with the Kingdom of Jordan during that government's struggle with the Fedayeen, and abrogated the Khartoum agreement to make regular financial payments to Jordan. Early in November 1970, plans for the political, military and economic integration of Libya, the UAR, and Sudan were officially announced; later the same month, Syria's candidacy began to be considered. Simultaneously, the magnitude of the real barriers to Arab unity were becoming

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more and more apparent to the Libyan leadership, and throughout the reporting period, there were increased reports of Qadhafi's frustrations with these states and disillusionment over the rejection of the Qadhafi Plan throughout the Arab world.

C. The arrival of Soviet tanks and other military hardware in Tripoli on 18 July 1970 gave substance to the fears of many Western observers that it was only a matter of time before the Soviet Union would be able to exploit its Middle Eastern foreign policy objectives, which appeared to be closely aligned with those of the post-revolutionary Libyan leadership, and to utilize these common interests to increase Soviet influence in Libya. In the wake of further breakdowns in arms discussions between Libyan and British leaders, problems with the French over the Mirage contracts, and the failure of the USG to deliver Northrop F-5's, the Libyan military mission to Moscow during mid-November 1970 appeared to presage increased Soviet participation in Libyan military affairs. But, the first Mirage aircraft were turned over to the Libyans in December 1970 and the Libyans have continued to press the USG for the delivery of Northrop F-5's, and the British for Chieftain tanks. The UAR MIG Squadron has been isolated in Tobruk, and Soviet technicians

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have been refused entry into the country to supervise the use and maintenance of the Soviet equipment.

D. By September 1970, Libyan officials had successfully negotiated settlements with all the major foreign oil producers in the country. The agreement increased Libyan oil revenues approximately 20 percent over the annual 1.2 billion dollars. The agreement also served as a catalyst for new demands by the entire OPEC community. The mid-February agreement between OPEC and the Persian Gulf producing oil companies served as a foundation for additional Libyan demands on foreign oil companies. Negotiations opened in Tripoli with Western oil companies in late February and were successfully completed on 2 April. The new agreement covers a five year period and may presage a period of comparative stability in our commercial relations, instead of the friction and frustration of the recent past.

II. USG OBJECTIVES RELATED TO CURRENT LIBYAN SITUATION

A. Make the Libyan authorities aware that the U.S. is prepared to live with a Libyan regime which is truly independent and free of Soviet influence in order to continue the maintenance of diplomatic and commercial relations between Libya and the U.S. The fact that the U.S. accepts an independent Libya was directly conveyed to the leadership of

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the UAR via President Nasser before his demise and indirectly to the Libyan authorities through a variety of [REDACTED] means. The reiteration of this theme and Libya's failure to find evidence of a USG role in any of the anti-regime activities appears to have had a salutary effect upon the Libyan leadership and to have tempered the short-term Libyan actions against the U.S. in the diplomatic arena. Although the U.S. has little leverage left with the Libyan leadership, it is believed they are unlikely to break diplomatic relations with the U.S. in the near future. Since the U.S. is viewed by the Libyans as the primary supporter of Israel, a settlement of the Palestine issue and a subsequent reduction of tensions in the Middle East would be needed to increase significantly U.S. chances of maintaining friendly relations with Libya in the long-term, and of further developing its commercial interests there.

B. Convince Libyan leaders of the value of continuing the major American role in the development of Libyan petroleum.

Attempts undertaken to convince the Libyan government that the USG accepts the new Libyan leaders may have assisted in creating the viable atmosphere in which the American oil producers were able to arbitrate their differences with the Libyan authorities and arrive at an amicable agreement.

[REDACTED]
[REDACTED]
C. Convince the Libyan authorities of the dangers of allowing Soviets, Chinese Communist or other Communist influence in their country. [REDACTED]

[REDACTED] operations have probably reinforced the existing fear of communism and communists among the Libyan leadership. Only when the Libyans were denied access to first line military hardware of the West did they purchase Soviet tanks and other Soviet military hardware and reiterate their intention to procure arms from the best sources of supply whether East or West. They have remained steadfast in opposition to entry of Soviet technicians to supervise the use and maintenance of this equipment; they have isolated the Egyptian MIG training squadron at Nasser Air Force Base in Tobruk; and Qadhafi has continued to chastize communism in his speeches.

D. Promote closer ties with the West. [REDACTED]
[REDACTED] the Governments of Greece and Pakistan, [REDACTED] to play an increased role in the economic and military affairs of the new regime as a buttress against communist encroachment. [REDACTED]
[REDACTED] initiatives to the French and Italians encouraging them to maintain a foothold in Libya.

[REDACTED]
[REDACTED]
These efforts, combined with a continued reiteration of the line that the USG can live with the Libyan regime, have contributed to the maintenance of the fragile ties between Libya and the West.

E. Promote the goal of an independent Libyan State with balanced attachments to the Maghreb and the UAR. This objective has become more feasible as the young Libyan leadership's ideals of Arab unity have become tarnished by the realities of the significant divisions among the Arab states. After Nasser's death, the problems of coordinating their common efforts were increased. The training of Libyan troops in the UAR initially proved to be a failure, the establishment of a joint naval academy in Susa (Libya) was completely unsuccessful, and efforts to establish free trade and border controls have been plagued with problems. As these difficulties between Tripoli and Cairo have increased, the Libyans have commenced to increase their interaction with the other Maghreb states. On 8 December 1970, the Libyan RCC ratified a Libyan-Tunisian technical cooperation agreement, and in January 1971, Libya and Algeria initiated closer cooperation on oil issues.

F. Discourage any marked increase in Libyan involvement in the support for hostilities against Israel;

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discourage Libyan alignment with extremist Arab states or
Libyan support to efforts by radical Arab governments or
movements to overthrow moderate Arab regimes. The new Libyan
revolutionary government offered to "bankroll" an increase
in hostilities against Israel shortly after it had consolidated
its position in Libya. In September 1970, Libya broke diplomatic
relations with the Kingdom of Jordan during the latter's
struggle with the Fedayeen and supported the Government of
Syria's effort to assist the Fedayeen against Jordanian troops.
While Libya has been widely asked for financial assistance
and indications of Libyan willingness to grant this aid have
been reported, there is no hard information available that
Libya has actually disbursed all the aid it had promised. For
example, in September 1970 the Libyan Director of the Budget
received instructions that money due to the Palestinian
commandos for the period 1 August to 1 December 1970 should
not be sent to them, but should be used for Libyan internal
development purposes.

III. CURRENT ANTI-REGIME ACTIVITIES

In the first sixteen months following the revolution
there have been at least seven counter-coup attempts within
Libya and an additional one initiated from Chad. All of these
efforts were successfully neutralized by the Libyan authorities.

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CIA is currently monitoring the development of two additional counter-coup efforts [REDACTED] One of these plans is directed by a group of former Libyan military officers who are in diplomatic and other posts abroad. The group is allegedly coordinating anti-regime activities among Eastern Libyan Tribal groups and oppositionist "second level officers" within the Libyan military. [REDACTED]

[REDACTED] CIA uncovered a second plan involving a maritime operation to land a small European mercenary force in Libya to release 150 political prisoners from the Tripoli prison. The released prisoners, all active in official capacities under the former regime, would disperse into the countryside to form the nucleus of an anti-regime force.

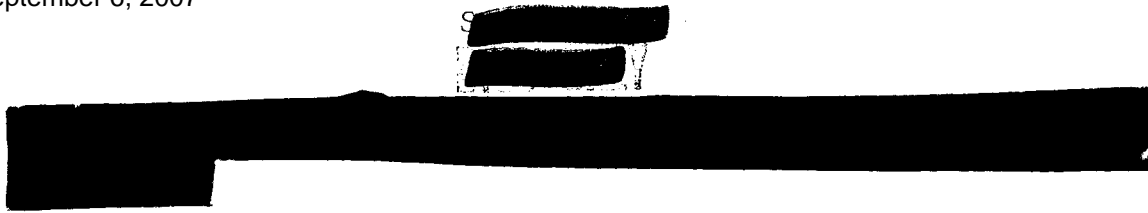
Two attempts have been made to carry out this second plan--one in late January/early February and the second in late March/early April. If these attempts had succeeded in actually landing mercenaries for the operation planned, the results would have been disastrous. The mercenaries might conceivably have succeeded in freeing the prisoners, but there was no chance that the ultimate purpose of the operation could be accomplished, i.e., forming a resistance group to overthrow the regime. The mercenary force was too small to

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accomplish that objective by itself and was expected to receive little, if any, internal support, backed as it was by the discredited Old Regime politician, Umar al-Shalhi. The attempt would also almost certainly have had a catastrophic effect on the delicate oil negotiations then being carried on and subsequent Libyan suspicions of Western complicity [REDACTED]
[REDACTED]

The second attempt involving some 25 foreign mercenaries and two vessels, a 17 ton sloop named La Caravelle and a former German minesweeper now named Le Chepigana, was revived on or about 16 March [REDACTED]
[REDACTED]

[REDACTED] the La Caravelle, located in Trieste, was hindered from playing its assigned role in the plot and Le Chepigana, now located in Casablanca, is being held by Moroccan authorities pending the results of an exhaustive investigation which should prevent her from playing an effective role in this plot for the time being.
[REDACTED]



[Omitted here is operational detail.]

[Omitted here is operational detail.]

V. CONCLUSIONS AND RECOMMENDATIONS

USG objectives in Libya remain intact. The U.S. continues to maintain diplomatic ties with Libya. The U.S. oil companies have continued to operate in Libya. There has been no discernible increase in Soviet influence over the new Libyan government. The influence of the UAR and other radical Arab states has not proved intolerably inimical to U.S. interests in the area. Finally, Libyan resources have not been utilized in significant amounts to affect the balance

[REDACTED]

of peace and war between Israel and the Arabs.

Although most analysts agree that the Libyan RCC
will not remain indefinitely as ostensible collegial rulers,
there is no convincing evidence that a change in government
will result from any of the anti-regime activities [REDACTED]

[REDACTED]

[REDACTED]

Tab B

~~SECRET~~ ~~EXCLUDED~~

MEMORANDUM [REDACTED]

SUBJECT: [REDACTED] Status Report on Libya, January 1971

1. The State Department is in general agreement with Sections I-III of the subject memorandum [REDACTED]

2. [REDACTED]

[REDACTED] Diplomatic efforts by the Embassy, increasing self-confidence and experience among the Libyan leaders, and area developments undoubtedly were also factors at work.

3. The Department believes caution is needed in estimating the extent and duration of the somewhat favorable elements in the current Libyan situation, particularly as they may relate to the regime's attitude toward the United States. Our future military relationship to Libya remains undefined, and the regime is still unaware of our intentions with respect to delivery of the eight F-5s. Although an oil pact has been signed, only time will indicate its stability and the future of the American companies. Libya's attitude

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toward the Middle East question continues to differ sharply from our own, and its subsidy to Jordan has not been resumed. The impact of the newly-announced Federation on Libyan policies is also obscure; at a minimum, it would appear to signal a turning away of Libya from cooperation with the Maghreb.

4. [REDACTED] frustrating two coup attempts against the Libyan regime was most helpful. Some measure of Libyan confidence in US attitudes toward the regime may have resulted from the ability of the Embassy to alert the regime to the second of these plots.

5. [REDACTED]

The Department wishes only to point out that the size of the American presence in Libya undoubtedly remains a matter of interest to the Libyan regime [REDACTED]

It believes the personnel profile proposed by the Ambassador would be consistent with our desire not to draw undue attention to the American official presence in Libya and consistent as well with the attainment of Option 1-A.

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4/23/71 [REDACTED]